TESTIMONY

OF

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BEFORE THE

SENATE HOMELAND SECURITY AND GOVERNMENT AFFAIRS COMMITTEE,
SUBCOMMITTEE ON FEDERAL FINANCIAL MANAGEMENT, GOVERNMENT
INFORMATION, FEDERAL SERVICES, AND INTERNATIONAL SECURITY

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Chairman Carper, Ranking Member Brown, and distinguished members of the subcommittee, thank you for the opportunity to appear before you today. My name is Tim Ford, and I am Chief Executive Officer of the Association of Defense Communities, or ADC.

For more than 35 years, ADC has been the leading non-governmental organization involved in the Base Realignment and Closure (BRAC) process. ADC is a national non-profit organization representing more than 250 communities and states that are currently dealing with, or have dealt with the impacts of BRAC. ADC unites the diverse interests of communities, state governments, the military services, and the private sector on issues of base closure and realignment, property transfer, community redevelopment, public-private partnerships, and community-military partnerships. Through our involvement in the past five rounds of BRAC and the Defense Department property disposal process, ADC has vast experience working with local/state governments, the federal government, and the private sector on the local impacts of changes to federal property and the lessons learned.

As this subcommittee considers legislation to dispose of excess federal property, the lessons learned from the BRAC process, and in particular, the impact and role of communities/states, should be given consideration. Communities and states have been central to the BRAC process since its inception in the late 1980s. In fact, one of the major reasons that Congress created the first independent BRAC Commission was to mitigate the concerns of communities/states and enhance the overall transparency of the process.

A brief summary of the history of the BRAC process demonstrates the importance of community input. Throughout the 1960s, hundreds of military installations were closed, including dozens of large bases. All of these installations were closed unilaterally, without Congressional or community input. In the 1970s, feeling the pressure from constituents, Congress added a provision to the 1976 Military Construction Authorization Bill prohibiting any base closure or reduction involving more than 250 civilian jobs. Unfortunately, President Ford vetoed the bill. It wasn't until 1977 that Congress effectively put a halt to base closure in spite of DoD efforts to do so over the next ten years.

Beginning in 1988, to ensure that scarce DoD resources would be devoted to more pressing operational missions and investment needs rather than maintaining unneeded facilities, the Secretary of Defense chartered the "Defense Secretary's Commission on BRAC" that Congress enacted into law (PL 100-526) in 1988 which provided a statutory basis for a one-time round of base closures. While more inclusive than previous base closures, this Commission was still not completely transparent as the Commission reported only to the Secretary, most hearings and votes were closed, and there was little public information about how the Commission arrived at its recommendations.

While BRAC 1988 saved an estimated $694 million, there were many critics. They decried the lack of transparency and absence of Commission independence. Moreover, critics felt that without community/state involvement, the closure list unfairly targeted facilities located in Congressional districts of members out of favor with the administration. Due to these criticisms, Congress passed the Defense Base Closure and Realignment Act (PL 101-510) in 1990 after Secretary of Defense Dick Cheney unilaterally proposed closing 35 bases and realigning 20 more. That act brought transparency to the process, independence to the Commission, and involved communities/states in the process from the beginning. There have been four rounds of base closure under the current law - 1991, 1993, 1995 and 2005.

While BRAC's impact on communities/states has been significant, the process has remained politically viable because of the independence of the process, a commitment to transparency, and a process that has engaged communities/states from the beginning through implementation of decisions. As currently written, the administration's proposal risks making similar mistakes that were made in the first BRAC round and we believe the following recommendations would improve the approach:

Understand Community Impacts

On the surface, the impact of federal property decisions on communities and states may not be apparent or a primary focus. However, there are significant negative impacts that will create substantial challenges for communities and states and could affect the success of the process:

- Jobs – These actions could have an impact on federal jobs, including elimination and relocation within or outside of a region.
- Services – These actions may produce changes in the manner and location of government service delivery which may create challenges with constituents.
- Property – These actions will create properties that will need to be redeveloped. This creates challenges such as addressing environmental cleanup and local battles over the direction of redevelopment.

BRAC has taught us that this type of process can be a win-win for communities/states and the federal government. A collaborative process with communities and states could create the following outcomes:

- Partnerships – These actions will generate unique opportunities to partner with local/state governments and the private sector to maximize the efficiency of the federal footprint in a way that achieves state and local goals.
- Tax Base – These actions may create opportunities to move valuable property back to the local tax rolls and eventually lead to job creation.

Involving communities and states in the entire process may add complexity, but it is essential to the success of this proposal. Key factors that will enhance community engagement include:

Commit to Transparency

The administration's proposal to establish a Board rather than a Commission will impede the overall independence of the process and allow politics to influence the process. The administration's proposal rests too much accountability and authority with the Director of OMB. The independent nature of decisions in the BRAC process has been critical to maintaining the support and involvement of communities.

Any legislation needs to require that all Board hearings, notwithstanding those where classified information is discussed, be open to the public with an adequate notification period. In addition, any proposed criteria that would govern the deliberations of the Board should be posted in the Federal Register for comment and be included in the legislation.

Institutionalize Community Involvement

Given the length of the proposed process and its broad national impacts, mechanisms for institutionalizing community/state involvement need to be a part of the legislation. First, to facilitate coordination with communities and states, the Board should be required to establish regional or state liaisons that would manage interaction with all affected areas.

Second, in those areas where significant actions are taking place, it will be critical that local and state governments are involved in the implementation of recommendations, property disposal actions, and property reuse planning. The Board should have the option to create a joint federal/local agency, chaired by the community/state and comprised of federal and local members in the impact areas. These entities can be established on a regional or state level to encompass multiple communities if necessary. The entities will provide a mechanism for ensuring that local tools such as zoning and land use entitlements are in place to maximize the return to the government. The Board should have the ability to grant funding to these entities to support planning and disposal activities. This entity may be necessary in regions with a significant federal presence or those with numerous federal properties being transferred.

A similar model has been very important to the successful transfer and redevelopment of closing military bases. Communities are required to set up a local redevelopment authority, or LRA, in order to facilitate community involvement in the redevelopment process and to ensure that the community is speaking with one voice. An LRA is the one voice for a community that creates the plan to redevelop the closing military installation and is the primary entity that interacts with the military services on property disposal issues.

Focus Policies on Expediting Property Disposal

Given the ongoing budget discussion, there is high interest in selling unneeded federal property as a way to generate revenue. While a noble goal, our experience disposing of federal property in BRAC – which is the largest federal property disposal process of its kind – has shown that cost avoidance, rather than generating revenue through land sales, is a more realistic goal.

Attempts to focus BRAC property transfer on attaining fair market value and sales revenue have not been successful. In many instances, the value of the property decreased because of the extra carrying costs to the government and the unpredictability of real estate market values.

A disposal process where fair market value is the primary driver for disposal decisions will likely create delays and challenges with communities/states. Agencies should be allowed to accept participation in projects over time, accept in-kind services in lieu of cash, or possibly even swap property in order to satisfy their disposal goals.

Another issue for property disposal involves transferring parcels of federal property to state and local entities for public benefit. Public benefit conveyances provide important support for community needs such as schools, hospitals, or parks. Communities must have a strong voice in this process and be allowed to petition, and in some cases, receive properties at no, or little cost, to satisfy local needs. Community involvement must also be extended to the screening of property for homeless needs. In most instances, community/state leaders, not a federal Board, will understand their community's needs, and can best accommodate the needs of the homeless. For both public benefit conveyances and homeless transfers, any decisions must be aligned with local plans and certified by the community/state.

Finally, while there is value in using the existing disposal authorities of various federal agencies, most agencies are not set up to manage significant property disposal actions. Centralizing the disposal authority into one agency with real estate and property disposal expertise is critical to success. This centralized authority will facilitate the process and permit the bundling of properties, allowing for a greater return to the federal government.

Conclusion

Communities/state can play an important role in the success of any federal property disposal efforts. Creating a process that maintains independence and transparency, while engaging communities, will be key for implementing this process. After decisions are made, the property disposal process must focus on partnering with local entities to expedite the process. BRAC has taught us that while complex, this process can create mutual benefits for all involved.